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THE
CRYSTAL PALACE COMPANY.

REPORT
OF THE
DIRECTORS TO THE PROPRIETORS
AT THE
TWENTY-EIGHTH ORDINARY
GENERAL MEETING,
JUNE 28TH, 1869.

COPY OF ADVERTISEMENT.

CRYSTAL PALACE COMPANY.

Notice is hereby given, that the **Twenty-eighth Ordinary General Meeting** of the Proprietors of this Company will be held at the

City Terminus Hotel, Cannon Street,

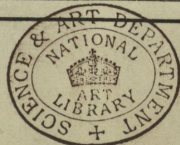
in the City of London, on **Monday, the 28th day of June instant**, at **One o'clock in the Afternoon** precisely, for the purpose of receiving a Report from the Directors, and of transacting the ordinary business of the Company, as prescribed by the Deed of Settlement and Charter; and at the said Meeting a resolution will be proposed for the purpose of authorising the Directors to exercise the powers conferred upon the Company by the Crystal Palace Company's Leasing Act, 1869; and at the said Meeting certain resolutions will be proposed, pursuant to notice given by a Proprietor of Ordinary Stock, that no money be hereafter borrowed for paying any dividend on the Ordinary or Preference Stocks, and to appoint a permanent or other Committee of Shareholders to select and recommend proper persons to fill the office of Auditor or Director, and to assist the Auditors, and to advise the Shareholders and Directors as to any changes or reforms which may be considered expedient.

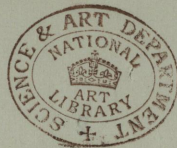
The books kept by the Company for the Registration of Transfers of Stock will be closed from the 14th to the 28th June instant, both days inclusive.

By order,

G. GROVE,
Secretary.

Crystal Palace, June 11th, 1869.





SPECIAL.

CRYSTAL PALACE COMPANY.

SINCE the accompanying Report was in print, the Directors have received a circular issued by a "Committee of Shareholders," which they cannot allow to pass without some comment.

The statement, that the Palace and works of art have been allowed to deteriorate, they are compelled to contradict. A large and regular expenditure is incurred in maintaining the fabric, renewing the roof and floors, and substituting permanent brick foundations for the original wooden props. The Centre Transept has been largely reconstructed in a thoroughly stable and efficient manner, the Corridor from the Railway to the main building has been substantially renewed, and in addition, orchestras, stages, appliances for refreshments, and other things necessary for the accommodation of the public, have been provided, not one of which existed in the building at the opening. The Fine Art Courts and Sculpture are carefully kept up; and the plants in the Palace have certainly suffered no deterioration.

Upon comparison of the accounts of the various years enumerated by the Committee, ample reasons can be given for the fluctuations of profit. One general statement, however, may suffice here—viz., that to compare 1865 with 1868 is to compare a year of great prosperity and inflation with one of such general depression as has been rarely witnessed. That in such times of depression a place of recreation like the Crystal Palace necessarily suffers in a far larger ratio than a railway or other project, which must be made use of whether the times are bad or not—is self-evident. Again, it is not fair to compare the expenditure of 1863 with that of 1868, because a large outlay had been made in alterations and repairs in 1861 and 1862 (the Exhibition year), and, therefore, but little had been spent under this head in 1863; while in 1868 a large amount was necessarily so expended, as well as in providing special attractions.

No money whatever has been expended on Dulwich Wood Estate otherwise than to satisfy liabilities incurred long ere a single Director now in office undertook that thankless duty. The very onerous obligations which the present Board have been compelled to meet were incurred *in their entirety* during the period when one of the Committee, Mr. F. Fuller, was Managing Director of the Company. It may, however, be observed that a large expenditure was absolutely necessary for the acquisition of the portion of Dulwich Wood in front of the building, in order to convert what was originally a narrow bridle path into the present wide and convenient carriage road; and also to provide suitable access to the Palace for carriage traffic from London and the intermediate districts. It was deemed more advisable to acquire the whole Wood (upwards of sixty acres), than to incur a comparatively larger expenditure in the purchase of such portions of it as would be required for the roads alone.

The question of "borrowing money," of which so much is made in the circular, has been already mentioned in the Report. The accusation of "studious concealment" is without foundation. The

accounts of the Company have been periodically submitted to the Proprietors in full detail, after having been duly audited; and no difficulty need have been found in ascertaining from them the actual state of either the Capital or Revenue. In order to place the Capital Account on a satisfactory footing the present Directors proposed to the Proprietors, in March, 1867, to sanction a moderate increase of capital, which they declined to do. In the following year the Auditors suggested that the balance of £16,000 net revenue applicable to dividend on the ordinary stock should be withheld, a view in which the Directors concurred by recommending its application to the credit of the Dulwich Wood account, and on this being brought before the Meeting in December last the recommendation was adopted. It is, therefore, wholly incorrect to say that no dividend was yielded in 1868; on the contrary, upwards of £30,000 was earned and paid to Debenture and Preference Stockholders, and upwards of £16,000 earned for the Ordinary Stockholders, who themselves exercised the right of saying, "We will not divide this amount, but will leave it in your hands to relieve the Capital Account, in preference to finding additional Capital." If the Proprietors should now pass the proposed resolution of Mr. Kimber and his friends, there will be no option for the present or any succeeding Board but to suspend the payment of dividend until the actual cash balance is in hand, irrespective of any other assets. But it must be clearly understood that in that case the One Million of Ordinary Share Capital will primarily suffer. There can be little doubt of the money being in hand to pay the dividend on the Debenture and Preference Stocks.

The charges of "extravagance, laxity, and mismanagement," are either greatly exaggerated or entirely unfounded. An instance or two will suffice. Of the so-called "free admissions" for 1868, more than three-fourths were to enable the choristers, performers, and stewards, at the various performances of the year, to enter the building, and take their places; and the bulk of the remainder consists of free tickets issued in lieu of a large money payment to those persons who exhibit the permanent advertisements of the Company.

The "5,000 half-yearly Reports" (already mentioned by the Directors) dwindle, on examination, to 3,150. The "lavish expenditure of unnecessary commissions to the agents of special and other exhibitors" is a pure invention; and so on with the other matters so prominently paraded in the circular.

As regards the building operations provided for by the Act of Parliament recently passed, the Directors acquire no power to lay out one penny for building; but are simply empowered, after obtaining the sanction of the Proprietors, to let the lands on leases to persons who will pay ground rent, and thereby increase the yearly revenue of the Company. This question, like many others, is entirely in the hands of the Proprietors to act and vote upon as they please.

The management necessary for carrying on an institution like the Crystal Palace is in the highest degree peculiar and difficult. A long apprenticeship to the task only reveals how much there is to learn for the future. To outsiders nothing may appear more easy, but to those acquainted with all the inner workings of the establishment and conversant with the minute details of past successes and failures, the thought of the future often becomes embarrassing. It is only by the good will of all concerned, that any man or body of men can be expected to labour successfully in such a work.

The Directors and principal officers of the Company have expressed to some of the Shareholders whose names are appended to the circular of the Committee, the pleasure it would afford them to receive *practical and advantageous* suggestions on any head. They have as repeatedly proffered information on

every point. They repeat these offers in the frankest spirit, for no Director or officer of the Company can have any desire otherwise than its welfare.

When it is proposed to form a permanent Committee to over-ride and supersede the Directors in the conduct of the affairs of the Company (for the proposal amounts to nothing less than this), and when such grave accusations as those in the circular under notice are levelled at the Directors, although quite ready to allow for differences of opinion concerning the management of an exceptional institution like the Crystal Palace, the Directors cannot, in justice to themselves, allow such imputations to pass without notice. They claim for themselves as much honesty of purpose, as much readiness to reform anything capable of being reformed, and as much desire for the welfare of the Palace, as any of those whose names are appended to the circular of the Committee.

With these observations, the Directors have only to repeat, that if the resolution indicated in the notice by Mr. Kimber is to be proposed in the hostile spirit manifested by its terms, as well as by its connection with the circular issued by the Committee, it will be their duty to oppose it, and they therefore ask with confidence that those Proprietors who have not yet forwarded their Proxies in favour of myself and Mr. Bicknell will do so without delay.

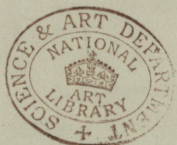
Signed on behalf of the Directors,

THOMAS HUGHES,

Chairman.

CRYSTAL PALACE, 18th June, 1869.

P.S.—Should you have already given a Proxy to Mr. Kimber's Committee, you are nevertheless entitled to sign one in favour of myself and Mr. Bicknell, which will supersede any former Proxy.



CRYSTAL PALACE COMPANY.

CRYSTAL PALACE, SYDENHAM, S.E.,

June 12th, 1869.

SIR,

The Directors have received Notice from a Proprietor of Ordinary Stock that Resolutions will be proposed at the General Meeting on the 28th inst., with the view to prevent the temporary borrowing of money for paying the Ordinary or Preference Dividend when due, also to appoint a permanent or other Committee of Shareholders, whose duties shall be to select and recommend proper persons from time to time as Auditors or Directors, and to assist the Auditors in the discharge of their duties, and also to advise the Shareholders and Directors as to changes or reforms which may be considered expedient.

The Board will be prepared at the coming General Meeting freely to discuss the position of the Company, and to afford full information to the Proprietors ; but as they consider that there is nothing in its present position to justify the proposed interference with their functions, by the virtual establishment of a duplicate Board of Directors, they feel bound to resist the course proposed to be taken, and I venture confidently to express the hope of my Colleagues and myself that we may continue to receive the confidence of the Proprietors.

I enclose a form of Proxy, which I trust you will sign and forward to the Secretary so as to be registered not later than the 24th inst.

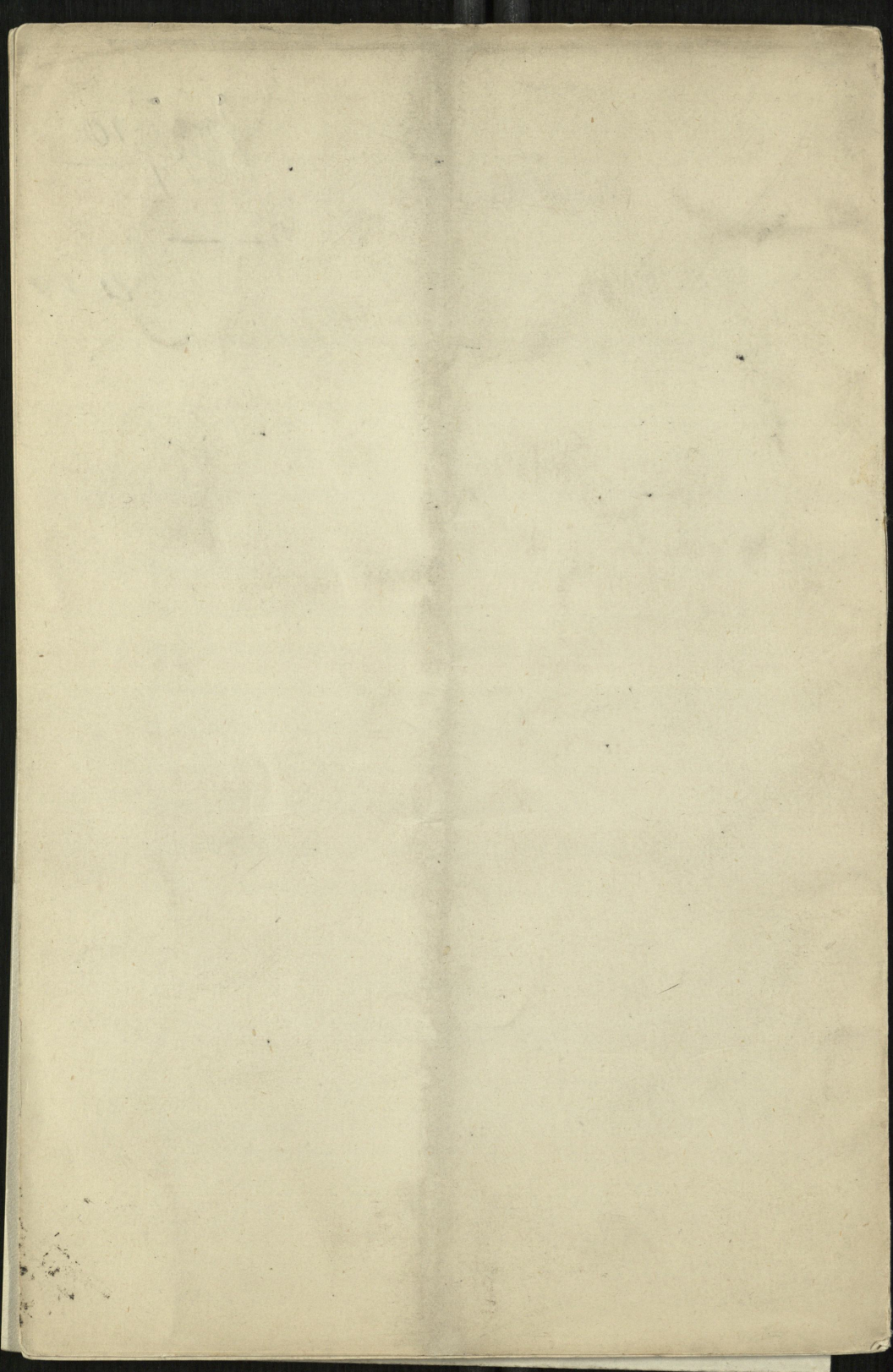
I am, Sir,

For myself and the rest of the Board,

Yours faithfully,

THOMAS HUGHES,

Chairman.



THE
CRYSTAL PALACE COMPANY.

Directors.

THOMAS HUGHES, Esq. M.P. CHAIRMAN, 9, *Old Square, Lincoln's Inn.*
HENRY SANFORD BICKNELL, Esq. *Newington Butts, S.E.*
CHARLES HORSLEY, Esq. 2, *Staple Inn, W.C.*
A. C. IONIDES, Esq. 1, *Holland Park, Notting Hill, W.*
JAMES NASMYTH, Esq. *Penshurst, Kent.*
DAVID OGILVY, Esq. 56, *St. George's Road, Pimlico, S.W.*
DAVID PRICE, Esq. 16, *Gresham Street West, E.C.*
REGINALD READ, Esq. M.D. 1, *Guilford Place, Russell Square, W.C.*
BENJAMIN STANDRING, Esq. *Sydenham Hill, S.E.*

REPORT of the Directors, to be submitted to the Twenty-eighth Ordinary General Meeting of Proprietors, at the City Terminus Hotel, Cannon Street, at One o'clock p.m. on Monday, the 28th of June, 1869.

Although it is not customary to enter into the financial condition of the Company at the Half-yearly Meeting in June, the Directors feel that on the present occasion they may so far depart from the usual practice as to congratulate the Proprietors upon the working of the first six months of the financial year—terminating April 30, 1869—which has been of

a very satisfactory character. In the early period of the Company's existence the loss during the winter months was sufficient to press with severity on the general resources of the undertaking, but the efforts of the Directors to attract visitors at Christmas and during other portions of the dead season have removed this inconvenience, and a steady improvement is perceptible in the receipts of the recent winter half-year. This is the more gratifying because increase in the revenue from visitors implies additional prosperity in the Exhibitors', the Refreshment, and other important Departments.

It is scarcely necessary for the Directors to refer to their efforts to keep the Palace effectively and attractively before the public. It is their aim to enlist the sympathies of all classes of the community; for no institution has equal opportunities of interesting both the highest and the lowest, and they are convinced that a policy resting on that fact is the only one that will lead to success. At the same time the Directors assure the Proprietors that all possible vigilance is exercised over the expenditure—both that for the maintenance of the fabric and general establishment, and that required by the temporary attractions. All contracts and engagements, of every description, are considered and discussed by the whole Board, and each department of outlay is periodically checked at frequent intervals, and watched with a jealous eye.

The disinterested course taken by the Proprietors of Ordinary Stock at the last meeting in relinquishing their dividend has materially strengthened the financial position of the Company by affording it considerable relief from the monetary obligations which were from time to time forced upon the Directors by the want of sufficient working capital. By the vote referred to, moreover, the amount standing to the debit of the Dulwich Wood Estate has been brought within very

small limits, while the ground-rents will, in a short time, cover the amount of rent payable to the College.

The station of the Metropolitan Fire Brigade on the road-front of the Palace has been for some weeks occupied by the men and engines of the Brigade, so that the Proprietors have now an additional permanent force in full efficiency, without any charge to the Company for the increased security. The amount of insurance on the Building and its contents is now very nearly £112,000.

The Directors who retire by rotation at the present meeting are Mr. Bicknell, Mr. Horsley, and Mr. Nasmyth. The Directors regret to say that Mr. Nasmyth's engagements will not permit him to continue to render those valuable services which he has afforded to the Company since his first election in January, 1864. Mr. Bicknell and Mr. Horsley, being eligible for re-election, offer themselves accordingly. The Directors also regret much to have to announce the retirement, owing to uncertain health, of their old and valued colleague, Mr. David Price, who for more than eleven years has given the Company the constant benefit of his experience and knowledge of business.

Mr. Henry Dorling, of Stroud Green, Croydon, Sir Charles Fox, of 8 New Street, Spring Gardens, and Mr. Edward Parker Young, of Delamere Crescent, W., duly qualified Proprietors in the Company, have announced their intention to offer themselves for seats at the Board.

Mr. Young has also signified his intention of proposing Mr. Henry Kimber, of 79 Lombard Street, and Mr. Walter Taylor, of Ranelagh Road, Pimlico, as members of the Board.

The Auditors of the Company, Mr. John Ball and Mr. W.

Puncher, retire from office under the provisions of the Deed of Settlement, and are eligible for re-election.

The Act of Parliament enabling the Company to lease portions of its surplus land, which was authorised by the Proprietors at the meetings of June and December last, received the Royal Assent on the 13th May. By it the Directors are empowered, subject to the approval of a General Meeting, to grant building-leases of these lands.

The Directors will submit a Resolution authorizing them to exercise the powers of the Act.

The Directors have also to acquaint the Proprietors that they have received a proposal to occupy part of the large reservoir adjoining the north end of the Palace as a bathing establishment. The proposal is made on behalf of an independent limited Company with a capital of £2,000, which proposes to undertake all requisite erections and appliances, to provide the Palace Company with a daily supply of not less than ten thousand gallons of water during the summer months, and to pay an annual rental of £100, together with half the profits after the dividends of the Bath Company have reached five per cent. The term proposed for the lease is twenty-one years; with power to the Crystal Palace Company to purchase the interest of the Bath Company at any time on paying off the shares at par. The reservoir would remain available for the supply of the fountains and fire service. This offer the Directors recommend to the approval of the Proprietors, and a resolution to that effect will be submitted to the Meeting.

It will be in the recollection of the Proprietors that, at the Meeting of June 11, 1861, a Resolution was passed to the effect that the Reports, Notices of Meeting, and Dividend

Warrants of the Company were not to be sent by Post to the holders of £25 Stock and under, but that to such Proprietors the Advertisements in the Newspapers should be sufficient notice of Meeting, and that they should obtain their Reports and Dividend Warrants on personal application at the Palace. It was found, however, that the retention of the Reports and Warrants led to an amount of correspondence which was nearly as costly as the distribution of the Reports had been, besides causing disappointment and annoyance. The matter was mentioned to the Proprietors by the Chairman at a subsequent meeting, and, without any resolution being proposed, it was tacitly conceded that the original practice should be resumed. At the instance of a deputation of the Proprietors (Messrs. Dean, Kimber, and Williams), the Directors now bring the subject forward, and request the instructions of the Meeting as to the course they shall pursue for the future.

The Directors have received notice from Mr. Kimber of his intention to propose Resolutions "to the effect that no money
 " be hereafter borrowed for the purpose of paying any dividend
 " to the Ordinary or Preference Shareholders in the Company,
 " and also that a permanent or other Committee of Shareholders
 " be appointed, to be called the 'Audit Committee,' whose duties
 " shall be to select and recommend from time to time fit and
 " proper persons to fill the office of Auditor or Director, and to
 " assist the Auditors in the discharge of their duties, and also
 " to advise the Shareholders and Directors as to any changes
 " or reforms which may be considered expedient."

With reference to the payment of dividend to the holders of Preference Stock, which forms the subject of the former portion of this notice, and is also alluded to in the Auditors' Report to the Board at the end of this Report, the Directors

have to remark that the resolution of the Proprietors of the 8th Feb. 1855, authorizing the raising of the Seven per cent. Preference Stock, provides that the dividend should be paid half-yearly—a resolution which has ever since been acted on.

The question of suspending the payment of dividends both on the Preference and Ordinary Stocks until there is sufficient cash in hand to pay them, is a question entirely for the decision of the Proprietors. It involves the consideration whether they will, by passing the proposed resolution, unnecessarily delay the payment of dividends, and thus introduce an element of uncertainty which cannot but be prejudicial to the interests of the Company, *and will press with special weight on the ordinary Proprietors.* In the absence of any direct vote to the contrary the Directors would not feel justified in departing from the resolution referred to.

With regard to the latter portion of the proposed resolutions, the Directors may say that they are always ready and anxious to afford the Proprietors, either individually or collectively, all the information in their power. They cannot however regard the proposed Committee in any other light than as a second Board, to supersede them in the exercise of their functions as Directors; and, as they believe that such a step would lead to serious difficulties without increasing the efficiency of the management, they will be compelled to resist the proposition.

Notices of Motion are appended to this Report.

By order of the Board,

THOMAS HUGHES,

Chairman.

CRYSTAL PALACE,
June 16, 1869.

The Directors have received notice of the following resolutions to be moved at the Meeting.

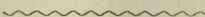
By Mr. Henry Kimber :—

“To the effect that no money be hereafter borrowed for the purpose of paying any dividend to the Ordinary or Preference Shareholders in the Company, and also that a permanent or other Committee of Shareholders be appointed, to be called the ‘Audit Committee,’ whose duties shall be to select and recommend from time to time fit and proper persons to fill the office of Auditor or Director, and to assist the Auditors in the discharge of their duties, and also to advise the Shareholders and Directors as to any changes or reforms which may be considered expedient.”

By Mr. Charles Williams :—

“That copies of all the agreements that have been entered into by the Sacred Harmonic Society or any of its officers with the Crystal Palace Company, and copies of the Accounts between such parties, showing the amounts paid to the Society and its officers, and a Catalogue of the Music paid for by the Company and now in the library of the Sacred Harmonic Society, be open to the inspection of Shareholders at the Secretary's Office daily during the month of July.”

AUDITORS' REPORT.



TO THE DIRECTORS OF THE CRYSTAL PALACE COMPANY.

With reference to the Dividend on the Seven per Cent. Preference Stock, the Auditors desire to bring under the consideration of the Board the propriety of paying such Dividend, before it be ascertained by the annual taking of the Accounts that the profits of the undertaking for the year have been sufficient for that purpose. The Company's Act 1856 provides that no deficiency of dividend on such shares in any one year shall be made good out of the profits accruing in any future year ; but the practice of paying such dividend half-yearly assumes in respect of the first half-yearly payment that the profits of the year will justify that payment, whereas the reverse might prove to be the case on the taking of the annual account.

JOHN BALL,	} <i>Auditors.</i>
WILLIAM PUNCHER,	

CRYSTAL PALACE,
June 15, 1869.

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